

|  |   |   |   |
|--|---|---|---|
| <b>A Check if:</b><br><br>1 Consolidated return (attach Form 851) <input type="checkbox"/><br>2 Personal holding co. (attach Sch. PH) <input type="checkbox"/><br>3 Personal service corp. (see instructions) <input type="checkbox"/><br>4 Schedule M-3 required (attach Sch. M-3) <input type="checkbox"/> | <b>Use IRS label. Otherwise, print or type.</b> | Name<br><b>ACME SHOPS</b>   | <b>B Employer identification number</b><br><b>40-0001111</b>  |
|  |   | Number, street, and room or suite no. If a P.O. box, see instructions.<br><b>2151 SUTTER STREET</b> | <b>C Date incorporated</b><br><b>01-01-1964</b>               |
|  |   | City or town, state, and ZIP code<br><b>AMESBURY MA 01913</b>                                       | <b>D Total assets (see instructions)</b><br><b>\$ 366,230</b> |
|  |   |   |   |

|                    |   |   |  |   |
|--------------------|---|---|--|---|
| <b>E Check if:</b> | (1) <input type="checkbox"/> Initial return | (2) <input type="checkbox"/> Final return | (3) <input type="checkbox"/> Name change | (4) <input type="checkbox"/> Address change |
|--------------------|---|---|--|---|

|               |   |                  |                                      |               |                |           |                  |
|---------------|---|------------------|--------------------------------------|---------------|----------------|-----------|------------------|
| <b>Income</b> | <b>1a</b> Gross receipts or sales   | <b>1,035,369</b> | <b>b</b> Less returns and allowances |               | <b>c Bal ▶</b> | <b>1c</b> | <b>1,035,369</b> |
|               | <b>2</b> Cost of goods sold (Schedule A, line 8)                                |                  |                                      |               |                | <b>2</b>  | <b>1,055,566</b> |
|               | <b>3</b> Gross profit. Subtract line 2 from line 1c                             |                  |                                      |               |                | <b>3</b>  | <b>(20,197)</b>  |
|               | <b>4</b> Dividends (Schedule C, line 19)  |                  |                                      |               |                | <b>4</b>  |                  |
|               | <b>5</b> Interest   |                  |                                      |               |                | <b>5</b>  |                  |
|               | <b>6</b> Gross rents  |                  |                                      |               |                | <b>6</b>  |                  |
|               | <b>7</b> Gross royalties  |                  |                                      |               |                | <b>7</b>  |                  |
|               | <b>8</b> Capital gain net income (attach Schedule D (Form 1120))                |                  |                                      |               |                | <b>8</b>  | <b>739,320</b>   |
|               | <b>9</b> Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797) |                  |                                      |               |                | <b>9</b>  |                  |
|               | <b>10</b> Other income (see instructions - attach schedule)                     |                  |                                      | STATEMENT # 1 |                | <b>10</b> | <b>122,782</b>   |
|               | <b>11 Total income.</b> Add lines 3 through 10                                  |                  |                                      |               |                | <b>11</b> | <b>841,905</b>   |

|   |  |                |                |                |                |
|---|--|----------------|----------------|----------------|----------------|
| <b>Deductions (See instructions for limitations on deductions.)</b> | <b>12</b> Compensation of officers (Schedule E, line 4)  |                |                | <b>12</b>      | <b>45,218</b>  |
|   | <b>13</b> Salaries and wages (less employment credits)   |                |                | <b>13</b>      | <b>34,656</b>  |
|   | <b>14</b> Repairs and maintenance  |                |                | <b>14</b>      |                |
|   | <b>15</b> Bad debts  |                |                | <b>15</b>      |                |
|   | <b>16</b> Rents  |                |                | <b>16</b>      | <b>69,000</b>  |
|   | <b>17</b> Taxes and licenses   |                |                | <b>17</b>      | <b>25,378</b>  |
|   | <b>18</b> Interest   |                |                | <b>18</b>      | <b>9,915</b>   |
|   | <b>19</b> Charitable contributions (see instructions for 10% limitation)   |                |                | <b>19</b>      | <b>50</b>      |
|   | <b>20a</b> Depreciation (attach Form 4562)   | <b>20a</b>     | <b>225,913</b> |                |                |
|   | <b>b</b> Less depreciation claimed on Schedule A and elsewhere on return   | <b>20b</b>     |                | <b>20c</b>     | <b>225,913</b> |
|   | <b>21</b> Depletion  |                |                | <b>21</b>      |                |
|   | <b>22</b> Advertising  |                |                | <b>22</b>      | <b>470</b>     |
|   | <b>23</b> Pension, profit-sharing, etc., plans   |                |                | <b>23</b>      |                |
|   | <b>24</b> Employee benefit programs  |                |                | <b>24</b>      |                |
|   | <b>25</b> Domestic production activities deduction (attach Form 8903)  |                |                | <b>25</b>      |                |
|   | <b>26</b> Other deductions (attach schedule)   |                |                | <b>26</b>      | <b>88,431</b>  |
|   | <b>27 Total deductions.</b> Add lines 12 through 26  |                |                | <b>27</b>      | <b>499,031</b> |
|   | <b>28</b> Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 |                |                | <b>28</b>      | <b>342,874</b> |
| <b>29 Less:</b>   |  |                |                |                |                |
| <b>a</b> Net operating loss deduction (see instructions)            | <b>29a</b>   | <b>342,874</b> |                |                |                |
| <b>b</b> Special deductions (Schedule C, line 20)                   | <b>29b</b>   |                | <b>29c</b>     | <b>342,874</b> |                |

|   |   |                          |           |          |
|---|---|--------------------------|-----------|----------|
| <b>Tax and Payments</b>   | <b>30 Taxable income.</b> Subtract line 29c from line 28 (see instructions if Schedule C, line 12, was completed) |                          | <b>30</b> | <b>0</b> |
|   | <b>31 Total tax</b> (Schedule J, line 11)   |                          | <b>31</b> | <b>0</b> |
|   | <b>32 Payments:</b>   |                          |           |          |
|   | <b>a</b> 2004 overpayment credited to 2005  | <b>32a</b>               |           |          |
|   | <b>b</b> 2005 estimated tax payments  | <b>32b</b>               |           |          |
|   | <b>c</b> Less 2005 refund applied for on Form 4466  | <b>32c</b>               | ( )       |          |
|   | <b>d Bal ▶</b>  | <b>32d</b>               |           |          |
|   | <b>e</b> Tax deposited with Form 7004   | <b>32e</b>               |           |          |
|   | <b>f</b> Credits: (1) Form 2439 (2) Form 4136   | <b>32f</b>               |           |          |
|   | <b>32g</b>  |                          |           |          |
| <b>33</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached                    |   | <input type="checkbox"/> | <b>33</b> |          |
| <b>34 Tax due.</b> If line 32g is smaller than the total of lines 31 and 33, enter amount owed        |   |                          | <b>34</b> |          |
| <b>35 Overpayment.</b> If line 32g is larger than the total of lines 31 and 33, enter amount overpaid |   |                          | <b>35</b> |          |
| <b>36</b> Enter amount of line 35 you want: <b>Credited to 2006 estimated tax</b> <b>Refunded</b>     |   |                          | <b>36</b> |          |

|                  |  |      |   |
|------------------|--|------|---|
| <b>Sign Here</b> | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. |      |   |
|                  | Signature of officer   | Date | Title   |
|                  |  |      | <b>PRESIDENT</b>  |
|                  |  |      | May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

|                                 |  |      |   |                        |
|---------------------------------|--|------|---|------------------------|
| <b>Paid Preparer's Use Only</b> | Preparer's signature   | Date | Check if self-employed <input type="checkbox"/> | Preparer's SSN or PTIN |
|                                 | Firm's name (or yours if self-employed), address, and ZIP code | EIN  | Phone no.                                       |                        |

|   |  |  |           |
|---|--|--|-----------|
| <b>Schedule A</b>   |  | <b>Cost of Goods Sold</b> (see instructions) |           |
| 1   | Inventory at beginning of year   | 1  | 46,250    |
| 2   | Purchases  | 2  | 1,037,718 |
| 3   | Cost of labor  | 3  |           |
| 4   | Additional section 263A costs (attach schedule)  | 4  |           |
| 5   | Other costs (attach schedule)  | 5  |           |
| 6   | <b>Total.</b> Add lines 1 through 5  | 6  | 1,083,968 |
| 7   | Inventory at end of year   | 7  | 28,402    |
| 8   | <b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8  | 1,055,566 |
| 9a Check all methods used for valuing closing inventory:  |  |  |           |
| (i) <input type="checkbox"/> Cost   |  |  |           |
| (ii) <input checked="" type="checkbox"/> Lower of cost or market  |  |  |           |
| (iii) <input type="checkbox"/> Other (Specify method used and attach explanation.)  |  |  |           |
| b Check if there was a writedown of subnormal goods   |  |  |           |
| c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)                                |  |  |           |
| d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO         |  |  |           |
| e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?                                  |  |  |           |
| f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation |  |  |           |

|                   |  |  |  |                        |                  |                                  |
|-------------------|--|--|--|------------------------|------------------|----------------------------------|
| <b>Schedule C</b> |  | <b>Dividends and Special Deductions</b> (see instructions) |  | (a) Dividends received | (b) %            | (c) Special deductions (a) x (b) |
| 1                 | Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)  |  |  |                        | 70               |                                  |
| 2                 | Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)  |  |  |                        | 80               |                                  |
| 3                 | Dividends on debt-financed stock of domestic and foreign corporations  |  |  |                        | see instructions |                                  |
| 4                 | Dividends on certain preferred stock of less-than-20%-owned public utilities   |  |  |                        | 42               |                                  |
| 5                 | Dividends on certain preferred stock of 20%-or-more-owned public utilities   |  |  |                        | 48               |                                  |
| 6                 | Dividends from less-than-20%-owned foreign corporations and certain FSCs   |  |  |                        | 70               |                                  |
| 7                 | Dividends from 20%-or-more-owned foreign corporations and certain FSCs   |  |  |                        | 80               |                                  |
| 8                 | Dividends from wholly owned foreign subsidiaries   |  |  |                        | 100              |                                  |
| 9                 | <b>Total.</b> Add lines 1 through 8. See instructions for limitation   |  |  |                        |                  |                                  |
| 10                | Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 |  |  |                        | 100              |                                  |
| 11                | Dividends from affiliated group members and certain FSCs   |  |  |                        | 100              |                                  |
| 12                | Dividends from controlled foreign corporations (attach Form 8895)  |  |  |                        | 85               |                                  |
| 13                | Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12  |  |  |                        |                  |                                  |
| 14                | Income from controlled foreign corporations under subpart F (attach Form(s) 5471)  |  |  |                        |                  |                                  |
| 15                | Foreign dividend gross-up  |  |  |                        |                  |                                  |
| 16                | IC-DISC and former DISC dividends not included on lines 1, 2, or 3   |  |  |                        |                  |                                  |
| 17                | Other dividends  |  |  |                        |                  |                                  |
| 18                | Deduction for dividends paid on certain preferred stock of public utilities  |  |  |                        |                  |                                  |
| 19                | <b>Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4   |  |  |                        |                  |                                  |
| 20                | <b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b   |  |  |                        |                  |                                  |

|  |   |  |                                    |               |                            |
|--|---|--|------------------------------------|---------------|----------------------------|
| <b>Schedule E</b>  |   | <b>Compensation of Officers</b> (see instructions for page 1, line 12) |                                    |               |                            |
| <b>Note:</b> Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more. |   |  |                                    |               |                            |
| (a) Name of officer  | (b) Social security number  | (c) Percent of time devoted to business                                | Percent of corporation stock owned |               | (f) Amount of compensation |
|  |   |  | (d) Common                         | (e) Preferred |                            |
| 1 LARRY STEIN  | 400-00-1112   | 75 %   | 75 %                               | %             | 22,609                     |
| JANICE SIMPSON   | 400-00-2222   | 50 %   | 25 %                               | %             | 22,609                     |
|  |   | %  | %                                  | %             |                            |
|  |   | %  | %                                  | %             |                            |
|  |   | %  | %                                  | %             |                            |
| 2  | Total compensation of officers  |  |                                    |               | 45,218                     |
| 3  | Compensation of officers claimed on Schedule A and elsewhere on return    |  |                                    |               |                            |
| 4  | Subtract line 3 from line 2. Enter the result here and on page 1, line 12 |  |                                    |               | 45,218                     |

**Schedule J Tax Computation** (see instructions)

|  |  |                          |            |
|--|--|--------------------------|------------|
| <b>1</b>   | Check if the corporation is a member of a controlled group . . . . .   | <input type="checkbox"/> |            |
| <b>Important:</b> Members of a controlled group, see instructions. |  |                          |            |
| <b>2a</b>  | If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):   |                          |            |
|  | (1) \$   | (2) \$                   | (3) \$     |
| <b>b</b>   | Enter the corporation's share of:  |                          |            |
|  | (1) Additional 5% tax (not more than \$11,750)   | \$                       |            |
|  | (2) Additional 3% tax (not more than \$100,000)  | \$                       |            |
| <b>3</b>   | Income tax. Check if a qualified personal service corporation (see instructions) . . . . .   | <input type="checkbox"/> | <b>3</b> 0 |
| <b>4</b>   | Alternative minimum tax (attach Form 4626) . . . . .   |                          | <b>4</b>   |
| <b>5</b>   | Add lines 3 and 4 . . . . .  |                          | <b>5</b> 0 |
| <b>6a</b>  | Foreign tax credit (attach Form 1118) . . . . .  | <b>6a</b>                |            |
| <b>b</b>   | Possessions tax credit (attach Form 5735) . . . . .  | <b>6b</b>                |            |
| <b>c</b>   | Credits from: <input type="checkbox"/> Form 8834 <input type="checkbox"/> Form 8907, line 23 . . . . .   | <b>6c</b>                |            |
| <b>d</b>   | General business credit. Check box(es) and indicate which forms are attached:<br><input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶   | <b>6d</b>                |            |
| <b>e</b>   | Credit for prior year minimum tax (attach Form 8827) . . . . .   | <b>6e</b>                |            |
| <b>f</b>   | Bond credits from: <input type="checkbox"/> Form 8860 <input type="checkbox"/> Form 8912 . . . . .   | <b>6f</b>                |            |
| <b>7</b>   | <b>Total credits.</b> Add lines 6a through 6f . . . . .  | <b>7</b>                 |            |
| <b>8</b>   | Subtract line 7 from line 5 . . . . .  | <b>8</b>                 | 0          |
| <b>9</b>   | Personal holding company tax (attach Schedule PH (Form 1120)) . . . . .  | <b>9</b>                 |            |
| <b>10</b>  | Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697<br><input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule) . . . | <b>10</b>                |            |
| <b>11</b>  | <b>Total tax.</b> Add lines 8 through 10. Enter here and on page 1, line 31 . . . . .  | <b>11</b>                | 0          |

**Schedule K Other Information** (see instructions)

|          |  |            |           |           |  |            |           |
|----------|--|------------|-----------|-----------|--|------------|-----------|
| <b>1</b> | Check accounting method: <b>a</b> <input type="checkbox"/> Cash<br><b>b</b> <input checked="" type="checkbox"/> Accrual <b>c</b> <input type="checkbox"/> Other (specify) ▶  | <b>Yes</b> | <b>No</b> | <b>7</b>  | At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? . . . . . | <b>Yes</b> | <b>No</b> |
| <b>2</b> | See the instructions and enter the:  |            |           |           | If "Yes," enter: (a) Percentage owned ▶<br>and (b) Owner's country ▶   |            |           |
| <b>a</b> | Business activity code no. ▶ <b>445310</b>   |            |           |           |  |            |           |
| <b>b</b> | Business activity ▶ <b>FOOD &amp; BEVERAGE STORE</b>   |            |           |           |  |            |           |
| <b>c</b> | Product or service ▶ <b>BEER, WINE, LIQUORS</b>  |            |           |           |  |            |           |
| <b>3</b> | At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) . . . . .  |            | <b>X</b>  | <b>c</b>  | The corporation may have to file <b>Form 5472</b> , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶   |            |           |
|          | If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year. |            |           | <b>8</b>  | Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . ▶ <input type="checkbox"/>   |            |           |
| <b>4</b> | Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? . . . . .  |            | <b>X</b>  |           | If checked, the corporation may have to file <b>Form 8281</b> , Information Return for Publicly Offered Original Issue Discount Instruments.   |            |           |
|          | If "Yes," enter name and EIN of the parent corporation ▶   |            |           | <b>9</b>  | Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$   |            |           |
| <b>5</b> | At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) . . . . .                           |            | <b>X</b>  | <b>10</b> | Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶  |            |           |
|          | If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ <b>0</b>  |            |           | <b>11</b> | If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ <input type="checkbox"/>   |            |           |
| <b>6</b> | During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) . . . . .            |            | <b>X</b>  |           | If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.   |            |           |
|          | If "Yes," file <b>Form 5452</b> , Corporate Report of Nondividend Distributions.   |            |           | <b>12</b> | Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ <b>347,095</b>  |            |           |
|          | If this is a consolidated return, answer here for the parent corporation and on <b>Form 851</b> , Affiliations Schedule, for each subsidiary.  |            |           | <b>13</b> | Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? . . . . .   |            |           |
|          |  |            |           |           | If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$                           |            |           |

**Note:** If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

**Note:** The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

| Schedule L                           |   | Balance Sheets per Books |             | Beginning of tax year |         | End of tax year |  |
|--------------------------------------|---|--------------------------|-------------|-----------------------|---------|-----------------|--|
| Assets                               |   | (a)                      | (b)         | (c)                   | (d)     |                 |  |
| 1                                    | Cash . . . . .  |                          | 8,509       |                       | 5,338   |                 |  |
| 2a                                   | Trade notes and accounts receivable . . . . .                   |                          |             |                       |         |                 |  |
| b                                    | Less allowance for bad debts . . . . .                          | ( )                      |             | ( )                   |         |                 |  |
| 3                                    | Inventories . . . . .   |                          | 46,250      |                       | 28,402  |                 |  |
| 4                                    | U.S. government obligations . . . . .                           |                          |             |                       |         |                 |  |
| 5                                    | Tax-exempt securities (see instructions) . . . . .              |                          |             |                       |         |                 |  |
| 6                                    | Other current assets (attach schedule) . . . . .                |                          |             |                       |         |                 |  |
| 7                                    | Loans to shareholders . . . . .                                 |                          | 145,932     |                       |         |                 |  |
| 8                                    | Mortgage and real estate loans . . . . .                        |                          |             |                       |         |                 |  |
| 9                                    | Other investments (attach schedule) . . . . .                   |                          |             |                       |         |                 |  |
| 10a                                  | Buildings and other depreciable assets . . . . .                | 242,776                  |             | 355,313               |         |                 |  |
| b                                    | Less accumulated depreciation . . . . .                         | ( 111,886 )              | 130,890     | ( 229,073 )           | 126,240 |                 |  |
| 11a                                  | Depletable assets . . . . .                                     |                          |             |                       |         |                 |  |
| b                                    | Less accumulated depletion . . . . .                            | ( )                      |             | ( )                   |         |                 |  |
| 12                                   | Land (net of any amortization) . . . . .                        |                          | 10,680      |                       |         |                 |  |
| 13a                                  | Intangible assets (amortizable only) . . . . .                  | 125,000                  |             | 225,000               |         |                 |  |
| b                                    | Less accumulated amortization . . . . .                         | ( 4,861 )                | 120,139     | ( 18,750 )            | 206,250 |                 |  |
| 14                                   | Other assets (attach schedule) . . . . .                        |                          |             |                       |         |                 |  |
| 15                                   | Total assets . . . . .  |                          | 462,400     |                       | 366,230 |                 |  |
| Liabilities and Shareholders' Equity |   |                          |             |                       |         |                 |  |
| 16                                   | Accounts payable . . . . .                                      |                          | 21,033      |                       | 30,198  |                 |  |
| 17                                   | Mortgages, notes, bonds payable in less than 1 year . . . . .   |                          |             |                       |         |                 |  |
| 18                                   | Other current liabilities (attach schedule) . . . . .           |                          | 522,515     | STATEMENT # 13        | 8,544   |                 |  |
| 19                                   | Loans from shareholders . . . . .                               |                          | 241,820     |                       | 307,682 |                 |  |
| 20                                   | Mortgages, notes, bonds payable in 1 year or more . . . . .     |                          |             |                       |         |                 |  |
| 21                                   | Other liabilities (attach schedule) . . . . .                   |                          |             |                       |         |                 |  |
| 22                                   | Capital stock: a Preferred stock . . . . .                      |                          |             |                       |         |                 |  |
|                                      | b Common stock . . . . .  | 100                      | 100         | 100                   | 100     |                 |  |
| 23                                   | Additional paid-in capital . . . . .                            |                          |             |                       |         |                 |  |
| 24                                   | Retained earnings-Appropriated (attach schedule) . . . . .      |                          |             |                       |         |                 |  |
| 25                                   | Retained earnings-Unappropriated . . . . .                      |                          | ( 323,068 ) |                       | 19,706  |                 |  |
| 26                                   | Adjustments to shareholder's equity (attach schedule) . . . . . |                          |             |                       |         |                 |  |
| 27                                   | Less cost of treasury stock . . . . .                           |                          | ( )         |                       | ( )     |                 |  |
| 28                                   | Total liabilities and stockholders' equity . . . . .            |                          | 462,400     |                       | 366,230 |                 |  |

| Schedule M-1 |  | Reconciliation of Income (Loss) per Books With Income per Return(see instructions) |    |  |
|--------------|--|--|----|--|
| 1            | Net income (loss) per books . . . . .  | 342,874  | 7  | Income recorded on books this year not included on this return (itemize):<br>Tax-exempt interest \$ _____  |
| 2            | Federal income tax per books . . . . .   |  |    |  |
| 3            | Excess of capital losses over capital gains . . . . .  |  |    |  |
| 4            | Income subject to tax not recorded on books this year (itemize): _____   |  |    |  |
| 5            | Expenses recorded on books this year not deducted on this return (itemize):<br>a Depreciation . . . . . \$ _____<br>b Charitable contributions \$ _____<br>c Travel and entertainment \$ _____ |  | 8  | Deductions on this return not charged against book income this year (itemize):<br>a Depreciation . . . . . \$ _____<br>b Charitable contributions \$ _____ |
| 6            | Add lines 1 through 5 . . . . .  | 342,874  | 9  | Add lines 7 and 8 . . . . .  |
|              |  |  | 10 | Income (page 1, line 28)-line 6 less line 9  |
|              |  |  |    | 342,874  |

| Schedule M-2 |  | Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L) |   |   |
|--------------|--|--|---|---|
| 1            | Balance at beginning of year . . . . . | ( 323,068 )  | 5 | Distributions: a Cash . . . . .             |
| 2            | Net income (loss) per books . . . . .  | 342,874  |   | b Stock . . . . .                           |
| 3            | Other increases (itemize): _____       |  |   | c Property . . . . .                        |
| 4            | Add lines 1, 2, and 3 . . . . .        | 19,806   | 6 | Other decreases (itemize): _____            |
|              |  |  | 7 | Add lines 5 and 6 . . . . .                 |
|              |  |  | 8 | Balance at end of year (line 4 less line 7) |
|              |  |  |   | 19,806                                      |

Name  
ACME SHOPS

Employer identification number  
40-0001111

Part I

Short-Term Capital Gains and Losses - Assets Held One Year or Less

| (a) Description of property<br>(Example: 100 shares of Z Co.) | (b) Date acquired<br>(yr., mo., day)   | (c) Date sold<br>(yr., mo., day) | (d) Sales price<br>(see instructions) | (e) Cost or other<br>basis (see<br>instructions) | (f) Gain or (loss)<br>(Subtract (e) from (d)) |
|---|--|----------------------------------|---------------------------------------|--|---|
| 1   |  |                                  |                                       |  |   |
|   |  |                                  |                                       |  |   |
|   |  |                                  |                                       |  |   |
|   |  |                                  |                                       |  |   |
|   |  |                                  |                                       |  |   |
|   |  |                                  |                                       |  |   |
|   |  |                                  |                                       |  |   |
| 2   | Short-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . . |                                  |                                       |  | 2   |
| 3   | Short-term gain or (loss) from like-kind exchanges from Form 8824 . . . . .            |                                  |                                       |  | 3   |
| 4   | Unused capital loss carryover (attach computation) . . . . .                           |                                  |                                       |  | 4 ( )   |
| 5   | Net short-term capital gain or (loss). Combine lines 1 through 4 . . . . .             |                                  |                                       |  | 5   |

Part II

Long-Term Capital Gains and Losses - Assets Held More Than One Year

|    |   |  |  |  |            |
|----|---|--|--|--|------------|
| 6  |   |  |  |  |            |
|    |   |  |  |  |            |
|    |   |  |  |  |            |
|    |   |  |  |  |            |
|    |   |  |  |  |            |
|    |   |  |  |  |            |
|    |   |  |  |  |            |
| 7  | Enter gain from Form 4797, line 7 or 9 . . . . .                                      |  |  |  | 7 739,320  |
| 8  | Long-term capital gain from installment sales from Form 6252, line 26 or 37 . . . . . |  |  |  | 8          |
| 9  | Long-term gain or (loss) from like-kind exchanges from Form 8824 . . . . .            |  |  |  | 9          |
| 10 | Capital gain distributions (see instructions) . . . . .                               |  |  |  | 10         |
| 11 | Net long-term capital gain or (loss). Combine lines 6 through 10 . . . . .            |  |  |  | 11 739,320 |

Part III

Summary of Parts I and II

|   |  |    |         |
|---|--|----|---------|
| 12  | Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11) . . . . .                   | 12 |         |
| 13  | Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5) . . . . . | 13 | 739,320 |
| 14  | Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns . . . . .            | 14 | 739,320 |
| <b>Note:</b> If losses exceed gains, see <b>Capital losses</b> in the instructions. |  |    |         |

**Sales of Business Property**  
**(Also Involuntary Conversions and Recapture Amounts**  
**Under Sections 179 and 280F(b)(2))**

▶ Attach to your tax return. ▶ See separate instructions.

**2005**Attachment  
Sequence No. **27**

Name(s) shown on return

**ACME SHOPS**

Identifying number

**40-0001111**

- 1** Enter the gross proceeds from sales or exchanges reported to you for 2005 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . . . . .

**1****Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft -- Most Property Held More Than 1 Year** (see instructions)

| (a) Description of property  | (b) Date acquired (yr., mo., day) | (c) Date sold (yr., mo., day) | (d) Gross sales price | (e) Depreciation allowed or allowable since acquisition | (f) Cost or other basis, plus improvements and expense of sale | (g) Gain or (loss) Subtract (f) from the sum of (d) and (e) |
|--|-----------------------------------|-------------------------------|-----------------------|---|--|---|
| <b>2</b>   |                                   |                               |                       |   |  |   |
|  |                                   |                               |                       |   |  |   |
|  |                                   |                               |                       |   |  |   |
|  |                                   |                               |                       |   |  |   |
| <b>3</b> Gain, if any, from Form 4684, line 42 . . . . .   |                                   |                               |                       |   |  | <b>3</b>  |
| <b>4</b> Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . .  |                                   |                               |                       |   |  | <b>4</b>  |
| <b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . .   |                                   |                               |                       |   |  | <b>5</b>  |
| <b>6</b> Gain, if any, from line 32, from other than casualty or theft . . . . .   |                                   |                               |                       |   |  | <b>6</b> 739,320  |
| <b>7</b> Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . . . . .  |                                   |                               |                       |   |  | <b>7</b> 739,320  |
| <b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.  |                                   |                               |                       |   |  |   |
| <b>Individuals, partners, S corporation shareholders, and all others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. |                                   |                               |                       |   |  |   |
| <b>8</b> Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . .   |                                   |                               |                       |   |  | <b>8</b>  |
| <b>9</b> Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) . . . . .  |                                   |                               |                       |   |  | <b>9</b>  |

**Part II Ordinary Gains and Losses** (see instructions)

- 10** Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

|  |  |  |  |  |  |               |
|--|--|--|--|--|--|---------------|
|  |  |  |  |  |  |               |
|  |  |  |  |  |  |               |
|  |  |  |  |  |  |               |
|  |  |  |  |  |  |               |
| <b>11</b> Loss, if any, from line 7 . . . . .  |  |  |  |  |  | <b>11</b> ( ) |
| <b>12</b> Gain, if any, from line 7 or amount from line 8, if applicable . . . . .   |  |  |  |  |  | <b>12</b>     |
| <b>13</b> Gain, if any, from line 31 . . . . .   |  |  |  |  |  | <b>13</b>     |
| <b>14</b> Net gain or (loss) from Form 4684, lines 34 and 41a . . . . .  |  |  |  |  |  | <b>14</b>     |
| <b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . .   |  |  |  |  |  | <b>15</b>     |
| <b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824 . . . . .  |  |  |  |  |  | <b>16</b>     |
| <b>17</b> Combine lines 10 through 16 . . . . .  |  |  |  |  |  | <b>17</b>     |
| <b>18</b> For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:  |  |  |  |  |  |               |
| <b>a</b> If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a." See instructions . . . . . |  |  |  |  |  | <b>18a</b>    |
| <b>b</b> Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 . . . . .   |  |  |  |  |  | <b>18b</b>    |

For Paperwork Reduction Act Notice, see separate instructions.

EEA

Form 4797 (2005)

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**

(see instructions)

|  |   |   |
|--|---|---|
| <b>19 (a)</b> Description of section 1245, 1250, 1252, 1254, or 1255 property: | <b>(b)</b> Date acquired<br>(yr., mo., day) | <b>(c)</b> Date sold<br>(yr., mo., day) |
| <b>A BUILDING AND EQUIPMENT</b>  | <b>1986-10-01</b>                           | <b>2005-09-30</b>                       |
| <b>B</b>   |   |   |
| <b>C</b>   |   |   |
| <b>D</b>   |   |   |

  

| These columns relate to the properties on lines 19A through 19D.  |            | Property A     | Property B | Property C | Property D |
|---|------------|----------------|------------|------------|------------|
| <b>20</b> Gross sales price ( <b>Note:</b> See line 1 before completing.) . . . . .   | <b>20</b>  | <b>750,000</b> |            |            |            |
| <b>21</b> Cost or other basis plus expense of sale . . . . .  | <b>21</b>  | <b>101,643</b> |            |            |            |
| <b>22</b> Depreciation (or depletion) allowed or allowable . . . . .  | <b>22</b>  | <b>90,963</b>  |            |            |            |
| <b>23</b> Adjusted basis. Subtract line 22 from line 21 . . . . .   | <b>23</b>  | <b>10,680</b>  |            |            |            |
| <b>24</b> Total gain. Subtract line 23 from line 20 . . . . .   | <b>24</b>  | <b>739,320</b> |            |            |            |
| <b>25 If section 1245 property:</b>   |            |                |            |            |            |
| <b>a</b> Depreciation allowed or allowable from line 22 . . . . .   | <b>25a</b> |                |            |            |            |
| <b>b</b> Enter the <b>smaller</b> of line 24 or 25a . . . . .   | <b>25b</b> |                |            |            |            |
| <b>26 If section 1250 property:</b> If straight line depreciation was used, enter 0- on line 26g, except for a corporation subject to section 291.  |            |                |            |            |            |
| <b>a</b> Additional depreciation after 1975 (see instructions) . . . . .  | <b>26a</b> |                |            |            |            |
| <b>b</b> Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions) . . . . .   | <b>26b</b> |                |            |            |            |
| <b>c</b> Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e  | <b>26c</b> |                |            |            |            |
| <b>d</b> Additional depreciation after 1969 and before 1976 . . . . .   | <b>26d</b> |                |            |            |            |
| <b>e</b> Enter the <b>smaller</b> of line 26c or 26d . . . . .  | <b>26e</b> |                |            |            |            |
| <b>f</b> Section 291 amount (corporations only) . . . . .   | <b>26f</b> |                |            |            |            |
| <b>g</b> Add lines 26b, 26e, and 26f . . . . .  | <b>26g</b> |                |            |            |            |
| <b>27 If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership). |            |                |            |            |            |
| <b>a</b> Soil, water, and land clearing expenses . . . . .  | <b>27a</b> |                |            |            |            |
| <b>b</b> Line 27a multiplied by applicable percentage (see instr.) . . . . .  | <b>27b</b> |                |            |            |            |
| <b>c</b> Enter the <b>smaller</b> of line 24 or 27b . . . . .   | <b>27c</b> |                |            |            |            |
| <b>28 If section 1254 property:</b>   |            |                |            |            |            |
| <b>a</b> Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) . . . . .           | <b>28a</b> |                |            |            |            |
| <b>b</b> Enter the <b>smaller</b> of line 24 or 28a . . . . .   | <b>28b</b> |                |            |            |            |
| <b>29 If section 1255 property:</b>   |            |                |            |            |            |
| <b>a</b> Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .  | <b>29a</b> |                |            |            |            |
| <b>b</b> Enter the <b>smaller</b> of line 24 or 29a (see instructions) . . . . .  | <b>29b</b> |                |            |            |            |

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

|   |           |                |
|---|-----------|----------------|
| <b>30</b> Total gains for all properties. Add property columns A through D, line 24 . . . . .   | <b>30</b> | <b>739,320</b> |
| <b>31</b> Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .  | <b>31</b> |                |
| <b>32</b> Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 . . . . . | <b>32</b> | <b>739,320</b> |

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**

(see instructions)

|   |           |                        |                               |
|---|-----------|------------------------|-------------------------------|
|   |           | <b>(a) Section 179</b> | <b>(b) Section 280F(b)(2)</b> |
| <b>33</b> Section 179 expense deduction or depreciation allowable in prior years . . . . .                    | <b>33</b> |                        |                               |
| <b>34</b> Recomputed depreciation (see instructions) . . . . .  | <b>34</b> |                        |                               |
| <b>35</b> Recapture amount. Subtract line 34 from line 33. See the instructions for where to report . . . . . | <b>35</b> |                        |                               |

**2005 Form 355**      **MA0539711024**  
Business or Manufacturing Corporation Excise Return

Year beginning **08012005** Ending **07312006**

**ACME SHOPS**      **40-0001111**  
**2151 SUTTER STREET**      **AMESBURY**      **MA 01913**

- |     |  |   |          |                         |                          |
|-----|--|---|----------|-------------------------|--------------------------|
| 1.  | Is the corporation incorporated within Massachusetts?                                  | ► | <b>X</b> | Yes                     | No                       |
| 2.  | Type of corporation  | ► |          | Section 38 manufacturer | Mutual fund service      |
| 3.  | Type of corporation  | ► |          | R&D                     | Classified manufacturing |
|     |  |   |          |                         | RIC                      |
| 4.  | Is the corporation participating in the filing of a U.S. consolidated return?          |   |          | Yes                     | <b>X</b> No              |
| 5.  | Is the corporation filing a Massachusetts combined return?                             | ► |          | Yes                     | <b>X</b> No              |
| 6.  | Is the corporation an insurance mutual fund holding corporation?                       | ► |          | Yes                     | <b>X</b> No              |
| 7.  | Is the corporation requesting alternate apportionment?                                 | ► |          | Yes                     | <b>X</b> No              |
| 8.  | Is this a final Massachusetts return?  | ► |          | Yes                     | <b>X</b> No              |
| 9.  | Principal business code  |   | ►        | <b>9</b>                |                          |
| 10. | FID of parent corporation, if filing a consolidated federal return                     |   | ►        | <b>10</b>               |                          |
| 11. | Average number of employees in Massachusetts   |   |          | <b>11</b>               | <b>3</b>                 |
| 12. | Average number of employees worldwide  |   |          | <b>12</b>               | <b>3</b>                 |
| 13. | Date of charter or first date of business in Massachusetts                             |   |          | <b>13</b>               | <b>01011964</b>          |
| 14. | Last year audited by IRS   |   | ►        | <b>14</b>               |                          |
| 15. | Have adjustments been reported to Massachusetts?                                       |   |          | Yes                     | No                       |
| 16. | Is the corporation deducting intangible or interest expenses paid to a related entity? | ► |          | Yes                     | No                       |

**Excise Calculation**

- |    |  |   |               |           |   |          |             |
|----|--|---|---------------|-----------|---|----------|-------------|
| 1. | Taxable Massachusetts tangible property, if applicable | ► | <b>135789</b> | x .0026 = | ► | <b>1</b> | <b>353</b>  |
| 2. | Taxable net worth, if applicable                       | ► |               | x .0026 = | ► | <b>2</b> |             |
| 3. | Massachusetts taxable income                           | ► | <b>90033</b>  | x .095 =  | ► | <b>3</b> | <b>8553</b> |

**SIGN HERE. Under penalties of perjury, I declare that to the best of my knowledge and belief this return and enclosures are true, correct and complete.**

Signature of appropriate officer

Date

Print paid preparer's name

Paid preparer's SSN or PTIN

**10122006**

Title

Paid preparer's phone

Paid preparer's EIN

**PRESIDENT**

Are you signing as an authorized delegate  
of the appropriate officer of the corporation?  
(see instructions)    **X** Yes    No

Paid preparer's signature

Date

Check if self-employed

**PRIVACY ACT NOTICE AVAILABLE UPON REQUEST**

**01-26-2006 19:06:18**



**2005 Form 355, pg. 2****MA0539721024**

Business or Manufacturing Corporation Excise Return

**40-0001111**

|     |   |                              |                  |      |
|-----|---|------------------------------|------------------|------|
| 4.  | Credit recapture  | ▶                            | 4                |      |
| 5.  | Excise before credits                                       |                              | 5                | 8906 |
| 6.  | Economic Opportunity Area Credit                            |                              | ▶ 6              |      |
| 7.  | 3% credit for certain new or expanded investments           |                              | ▶ 7              |      |
| 8.  | Vanpool Credit  |                              | ▶ 8              |      |
| 9.  | Credit carryover  |                              | ▶ 9              |      |
| 10. | Research Credit   |                              | ▶ 10             |      |
| 11. | Harbor Maintenance Tax Credit                               |                              | ▶ 11             | 4113 |
| 12. | Full Employment Credit                                      |                              | ▶ 12             |      |
| 13. | Brownfields Credit  |                              | ▶ 13             |      |
| 14. | Low-Income Housing Credit                                   |                              | ▶ 14             | 200  |
| 15. | Historic Rehabilitation Credit                              |                              | ▶ 15             | 200  |
| 16. | a. Home Energy Efficiency Credit ▶ 200                      | b. Solar Heat Credit ▶ 110   | a + b = 16       | 310  |
| 17. | Total credits   |                              | ▶ 17             | 4823 |
| 18. | Excise after credits  |                              | 18               | 4083 |
| 19. | Minimum excise  |                              | 19               | 456  |
| 20. | Excise due before voluntary contribution                    |                              | 20               | 4083 |
| 21. | Voluntary contribution for endangered wildlife conservation |                              | ▶ 21             |      |
| 22. | Excise due plus voluntary contribution                      |                              | ▶ 22             | 4083 |
| 23. | 2004 overpayment applied to your 2005 estimated tax         |                              | ▶ 23             |      |
| 24. | 2005 Massachusetts estimated tax payments                   |                              | ▶ 24             |      |
| 25. | Payment made with extension                                 |                              | ▶ 25             |      |
| 26. | Amount overpaid   |                              | 26               |      |
| 27. | Amount overpaid to be credited to 2005 estimated tax        |                              | ▶ 27             |      |
| 28. | Amount overpaid to be refunded                              |                              | Refund ▶ 28      |      |
| 29. | Balance due   |                              | Balance due ▶ 29 | 4083 |
| 30. | a. M-2220 penalty ▶   | b. Late file/pay penalties ▶ | a + b = 30       |      |
| 31. | Interest on unpaid balance                                  |                              | ▶ 31             |      |
| 32. | Total payment due at time of filing                         |                              | Total due ▶ 32   | 4083 |

**2005 Schedule A**

MA0506011024

Balance Sheet

ACME SHOPS

40-0001111

**Tangible Assets**

|   |      | A.<br>Original<br>cost | B. Accumulated<br>depreciation and<br>amortization | C.<br>Net book<br>value |
|---|------|------------------------|--|-------------------------|
| 1. Capital assets in Massachusetts:                   |      |                        |  |                         |
| a. Buildings  | ▶ 1a |                        | ▶  |                         |
| b. Land   | ▶ 1b |                        |  |                         |
| c. Motor vehicles and trailers                        | ▶ 1c | 26813                  | ▶ 7960   | 18853                   |
| d. Machinery taxed locally                            | ▶ 1d |                        | ▶  |                         |
| e. Machinery not taxed locally                        | ▶ 1e |                        | ▶  |                         |
| f. Equipment  | ▶ 1f | 328500                 | ▶ 221113   | 107387                  |
| g. Fixtures   | 1g   |                        |  |                         |
| h. Leasehold improvements taxed locally               | ▶ 1h |                        | ▶  |                         |
| i. Leasehold improvements not taxed locally           | 1i   |                        |  |                         |
| j. Other fixed depreciable assets                     | 1j   |                        |  |                         |
| k. Construction in progress                           | 1k   |                        |  |                         |
| l. Total capital assets in Massachusetts              | ▶ 1l |                        |  | 126240                  |
| 2. Inventories in Massachusetts:                      |      |                        |  |                         |
| a. General merchandise                                | 2a   |                        |  | 28402                   |
| b. Exempt goods                                       | ▶ 2b |                        |  |                         |
| 3. Supplies and other non-depreciable assets in Mass. | 3    |                        |  |                         |
| 4. Total tangible assets in Massachusetts             | ▶ 4  |                        |  | 154642                  |
| 5. Capital assets outside of Massachusetts:           |      |                        |  |                         |
| a. Buildings and other depreciable assets             | 5a   |                        |  |                         |
| b. Land   | 5b   |                        |  |                         |
| 6. Leaseholds/leasehold improvements outside Mass.    | 6    |                        |  |                         |
| 7. Total capital assets outside Massachusetts         | ▶ 7  |                        | ▶  |                         |

## 2005 Schedule A, pg. 2

MA0506021024

Business or Manufacturing Corporation Excise Return

40-0001111

|     |   |       |        |
|-----|---|-------|--------|
| 8.  | Inventories outside Massachusetts   | 8     |        |
| 9.  | Supplies and other non-depreciable assets outside Massachusetts                     | 9     |        |
| 10. | Total tangible assets outside of Massachusetts                                      | 10    |        |
| 11. | Total tangible assets. Add lines 4 and 10   | 11    | 154642 |
| 12. | Investments:  |       |        |
|     | a. Investments in subsidiary corporations at least 80% owned (enclose Schedule A-1) | ▶ 12a |        |
|     | b. Other investments  | ▶ 12b |        |
| 13. | Notes receivable  | 13    |        |
| 14. | Accounts receivable   | 14    |        |
| 15. | Intercompany receivables (enclose Schedule A-2)                                     | 15    |        |
| 16. | Cash  | 16    | 5338   |
| 17. | Other assets  | 17    | 206250 |
| 18. | Total assets  | ▶ 18  | 366230 |

### Liabilities and Capital

|     |  |      |        |
|-----|--|------|--------|
| 19. | Mortgages on:                                    |      |        |
|     | a. Massachusetts tangible property taxed locally | 19a  |        |
|     | b. Other tangible assets                         | 19b  |        |
| 20. | Bonds and other funded debt                      | 20   |        |
| 21. | Accounts payable                                 | 21   | 30198  |
| 22. | Intercompany payables (enclose Schedule A-3)     | ▶ 22 |        |
| 23. | Notes payable                                    | 23   | 307682 |
| 24. | Miscellaneous current liabilities                | 24   | 8544   |
| 25. | Miscellaneous accrued liabilities                | 25   |        |
| 26. | Total liabilities                                | ▶ 26 | 346424 |
| 27. | Total capital stock issued                       | 27   | 100    |
| 28. | Paid-in or capital surplus                       | 28   |        |
| 29. | Retained earnings and surplus reserves           | 29   | 19706  |
| 30. | Undistributed S corporation net income           | 30   |        |
| 31. | Total capital                                    | 31   | 19806  |
| 32. | Treasury stock                                   | 32   |        |
| 33. | Total liabilities and capital                    | 33   | 366230 |

### Tangible or Intangible Property Corp. Classification

40-0001111

## Schedule C. Tangible Property Corporation

01-26-2006 19:06:18

## 2005 Schedule D

MA0506211024

Intangible Property Corporation

40-0001111

|     |  |    |
|-----|--|----|
| 1.  | Total assets   | 1  |
| 2.  | Total liabilities  | 2  |
| 3.  | Massachusetts tangible property taxed locally              | 3  |
| 4.  | Mortgages on Massachusetts tangible property taxed locally | 4  |
| 5.  | Subtract line 4 from line 3                                | 5  |
| 6.  | Investments in subsidiaries at least 80% owned             | 6  |
| 7.  | Deductions from total assets                               | 7  |
| 8.  | Allocable net worth  | 8  |
| 9.  | Income apportionment percentage                            | 9  |
| 10. | Taxable net worth  | 10 |

## Schedules E-1. Dividends Deduction

|    |   |   |
|----|---|---|
| 1. | Total dividends                                   | 1 |
| 2. | Dividends from Massachusetts corporate trusts     | 2 |
| 3. | Dividends from non-wholly-owned DISCs             | 3 |
| 4. | Dividends, if less than 15% of voting stock owned | 4 |
| 5. | Total taxable dividends                           | 5 |
| 6. | Dividends eligible for deduction                  | 6 |
| 7. | Dividends deduction                               | 7 |

**2005 Schedule E****MA0506411024**

Taxable Income

**ACME SHOPS****40-0001111**

|     |  |              |          |
|-----|--|--------------|----------|
| 1.  | Gross receipts or sales  | ▶ 1          | 1035369  |
| 2.  | Gross profit   | ▶ 2          | -20197   |
| 3.  | Other deductions   | ▶ 3          | 88431    |
| 4.  | Net income   | ▶ 4          | 342874   |
| 5.  | Allowable U.S. wage credit   | ▶ 5          |          |
| 6.  | Subtract line 5 from line 4  | 6            | 342874   |
| 7.  | State and municipal bond interest not included in U.S. net income                                      | ▶ 7          |          |
| 8.  | Foreign, state or local income, franchise, excise or capital stock taxes deducted from U.S. net income | ▶ 8          | 8544     |
| 9.  | Section 168(k) "bonus" depreciation adjustment   | ▶ 9          | 85710    |
| 10. | Section(s) 31I and 31K intangible expenses   | ▶ 10         |          |
| 11. | Section(s) 31J and 31K interest expenses   | ▶ 11         |          |
| 12. | Federal production activity add back   | ▶ 12         |          |
| 13. | Other adjustments, including research and development expenses   | ▶ 13         |          |
| 14. | Add lines 6 through 13   | 14           | 437128   |
| 15. | Abandoned building renovation deduction  | x .10 = ▶ 15 |          |
| 16. | Dividends deduction  | ▶ 16         |          |
| 17. | Add back of intangible expenses exception  | ▶ 17         |          |
| 18. | Add back of interest expenses exception  | ▶ 18         |          |
| 19. | Subtract the total of lines 15 through 18 from line 14   | 19           | 437128   |
| 20. | Loss carryover   | ▶ 20         | 347095   |
| 21. | Income subject to apportionment  | ▶ 21         | 90033    |
| 22. | Income apportionment percentage  | ▶ 22         | 1.000000 |
| 23. | Multiply line 21 by line 22  | 23           | 90033    |
| 24. | Income not subject to apportionment  | ▶ 24         |          |
| 25. | Certified Massachusetts solar or wind power deduction  | ▶ 25         |          |
| 26. | Massachusetts taxable income   | 26           | 90033    |

## 2005 Schedule CD

MA0506311024

Corporate Disclosure

40-0001111

|  |      |
|--|------|
| 1. Charitable contributions  | ▶ 1  |
| 2. Federal research expense allowed under IRC section 174, plus research credit allowed under IRC section 41 | ▶ 2  |
| 3. Accelerated depreciation allowed as a federal deduction:  |      |
| a. Equipment   | ▶ 3a |
| b. Rental housing  | ▶ 3b |
| c. Buildings other than rental housing   | ▶ 3c |
| d. Pollution control facilities  | ▶ 3d |
| 4. Depreciation included in line 3:  |      |
| a. Equipment   | ▶ 4a |
| b. Rental housing  | ▶ 4b |
| c. Buildings other than rental housing   | ▶ 4c |
| d. Pollution control facilities  | ▶ 4d |
| 5. Accelerated depreciation less standard depreciation:  |      |
| a. Equipment   | 5a   |
| b. Rental housing  | 5b   |
| c. Buildings other than rental housing   | 5c   |
| d. Pollution control facilities  | 5d   |

**2005 Schedule E-2**

MA0509211024

Loss Carryover Deduction

ACME SHOPS

40-0001111

**Part 1. General Net Operating Loss**

|    |    |                                    |    |        |
|----|----|------------------------------------|----|--------|
| 1. | a. | 2000 loss                          | 1a |        |
|    | b. | 2000 new corporation NOL carryover | 1b | 0      |
|    | c. | 2000 loss used                     | 1c |        |
|    | d. | 2000 available loss                | 1d |        |
| 2. | a. | 2001 loss                          | 2a | 240349 |
|    | b. | 2001 new corporation NOL carryover | 2b |        |
|    | c. | 2001 loss used                     | 2c |        |
|    | d. | 2001 available loss                | 2d | 240349 |
| 3. | a. | 2002 loss                          | 3a | 3026   |
|    | b. | 2002 new corporation NOL carryover | 3b |        |
|    | c. | 2002 loss used                     | 3c |        |
|    | d. | 2002 available loss                | 3d | 3026   |
| 4. | a. | 2003 loss                          | 4a | 32799  |
|    | b. | 2003 new corporation NOL carryover | 4b |        |
|    | c. | 2003 loss used                     | 4c |        |
|    | d. | 2003 available loss                | 4d | 32799  |
| 5. | a. | 2004 loss                          | 5a | 70921  |
|    | b. | 2004 new corporation NOL carryover | 5b |        |
|    | c. | 2004 loss used                     | 5c |        |
|    | d. | 2004 available loss                | 5d | 70921  |
| 6. |    | Total available loss               | 6  | 347095 |
| 7. |    | Net income                         | 7  | 437128 |
| 8. |    | Loss carryover deduction           | 8  | 347095 |



**2005**  
**Massachusetts**  
**Department of**  
**Revenue**

Check applicable box(es): ☒ Shipper ☐ Exporter ☒ Importer



# Transfer LIHC Low-Income Housing Credit Statement

2005

**Massachusetts**  
**Department of**  
**Revenue**

**For calendar year 2005 or taxable year beginning**

**and ending**

Name of transferor

Social Security or Federal Identification number

Street address

City/Town

State

Zip

Name of transferee

Social Security or Federal Identification number

Street address

City/Town

State

Zip

Name of project

Building identification number

Street address

City/Town

State

Zip

Name of project owner

Federal Identification number

Street address

City/Town

State

Zip

## Transfer Information

**1** Total amount of credit being transferred ..... **1**

**2** Year(s) credit was earned by transferor \_\_\_\_\_

The undersigned is electing to make a transfer of the Massachusetts low-income housing credit and is notifying the Department of Revenue of this election pursuant to 760 CMR 54.13(4). A copy of this statement should be attached to the transfer contract. A copy of this statement must also be submitted to the Department of Revenue. Mail to: **Department of Revenue, Rulings and Regulations Bureau, PO Box 9566, Boston, MA 02114-9566.**

Signature of transferor

Date

Name of contact person

Telephone number

[illegible]



# Certificate LIHC Low-Income Housing Credit Allotment

2005

Massachusetts  
Department of  
Revenue

For calendar year 2005 or taxable year beginning

and ending

Name of recipient

Social Security or Federal Identification number

Street address

City/Town

State

Zip

Name of project

Building identification number

Street address

City/Town

State

Zip

Name of project owner

Federal Identification number

Street address

City/Town

State

Zip

## Taxpayer's Credit Share

This statement is issued by the owner of a project that is eligible to claim the Massachusetts Low-Income Housing Credit (LIHC) to each recipient to whom the owner has allocated a portion of the LIHC in accordance with the organizational documents governing the owner. The recipient should enter the amount of the credit being received from the project on the LIHC line of the appropriate tax return. Retain this statement with your records.

## Allotment Information

1 Amount of allotted credit ..... 1

2 Date of filing of Election of Early Tax Credit (if applicable) \_\_\_\_\_



# Individual Certificate HRC Historic Rehabilitation Credit

2005

**Massachusetts**  
**Department of**  
**Revenue**

**For calendar year 2005 or taxable year beginning**

**and ending**

Name of recipient

Social Security or Federal Identification number

Street address

City/Town

State

Zip

Name of project

Building identification number

Street address

City/Town

State

Zip

Name of project owner

Federal Identification number

Street address

City/Town

State

Zip

## Certificate Number

Certificate number issued by Massachusetts Historical Commission .....

## Allotment Amount

Amount of allotted credit .....

## Distribution to Partners, Members or Owners

The owner of a project that is eligible to claim the Historic Rehabilitation Credit issues this Individual Certificate HRC. If the owner of the project distributes or assigns any portion of the credit to its partners, members or owners, the project or owner must complete an Allotment HRC Historic Rehabilitation Credit Summary. In addition, the project or owner must fill out and provide to each such partner, member or owner, an Individual Certificate HRC, Historic Rehabilitation Credit, indicating the amount of the individual credit distributed or assigned.

## Tax Return Filing

Partners, members or owners receiving an Individual Certificate HRC, must file copies of such certificate and copies of the attendant Project Certificate and Allotment HRC Historic Rehabilitation Credit Summary with their Massachusetts tax return.

## Department of Revenue Filing

The project or owner must file a copy of the Project Certificate issued by the Massachusetts Historical Commission, and copies of both the Allotment HRC Historic Rehabilitation Credit Summary and the Individual Certificate HRC, with the Department of Revenue. Mail to: **Massachusetts Department of Revenue, Rulings and Regulations Bureau, PO Box 9566, Boston, MA 02114-9566.**



# Transfer/Sale HRC Historic Rehabilitation Credit Certificate

2005

**Massachusetts**  
**Department of**  
**Revenue**

**For calendar year 2005 or taxable year beginning**

**and ending**

Name of transferor

Social Security or Federal Identification number

Street address

City/Town

State

Zip

Name of transferee

Social Security or Federal Identification number

Street address

City/Town

State

Zip

Name of project

Building identification number

Street address

City/Town

State

Zip

Name of project owner

Federal Identification number

Street address

City/Town

State

Zip

## Certificate Number

Certificate number issued by Massachusetts Historical Commission .....

## Transfer/Sale Information

Total amount of credit being transferred .....

The undersigned is electing to make a transfer/sale of the Massachusetts historic rehabilitation credit and is notifying the Department of Revenue (DOR) of this election pursuant to 830 CMR 63.38R.1(7). A copy of this certificate should be attached to the proposed transfer contract and filed with DOR prior to the transfer. If the executed contract and/or transfer amounts differ from the original filing submitted to DOR, the transferor must submit a copy of the executed contract and amended Transfer/sale HRC to DOR within 30 days of the completed transfer. See 830 CMR 63.38R.1(7)(c) for transfer contract requirements.

Signature of transferor

Date

Name of contact person

Telephone number

## Transfer or Sale Filing Requirements

This Transfer/Sale HRC, Historic Rehabilitation Credit Certificate, is issued either by the original recipient of the Historic Rehabilitation Credit, or by a transferee recipient of the credit. If the owner of the project distributes or assigns any portion of the credit to its partners, members or owners, the project or owner must complete an Allotment HRC Historic Rehabilitation Credit Summary. In addition, the project or owner must fill out and provide to each such partner, member or owner, an Individual Certificate HRC, Historic Rehabilitation Credit, indicating the amount of the individual credit distributed or assigned.

## Tax Return Filing

Transferees receiving this Transfer/Sale HRC, Historic Rehabilitation Credit Certificate, must file a copy of such certificate and a copy of the attendant Project Certificate with their Massachusetts tax return. In addition, if applicable, copies of both the Allotment HRC Historic Rehabilitation Credit Summary and the Individual Certificate HRC must also be filed with their Massachusetts tax return.

## Department of Revenue Filing

The transferor must file a copy of the Project Certificate issued by the Massachusetts Historical Commission, and a copy of this Transfer/Sale HRC, Historic Rehabilitation Credit Certificate and transfer contract with the Department of Revenue. In addition, if applicable, copies of both the Allotment HRC Historic Rehabilitation Credit Summary and the Individual Certificate HRC, must also be filed with the Department of Revenue. Mail to: **Massachusetts Department of Revenue, Rulings and Regulations Bureau, PO Box 9566, Boston, MA 02114-9566.**



# Allotment HRC Historic Rehabilitation Credit Summary

2005

**Massachusetts**  
**Department of**  
**Revenue**

For calendar year 2005 or taxable year beginning

and ending

Name of project

Building identification number

Street address

City/Town

State

Zip

Name of project owner

Federal Identification number

Street address

City/Town

State

Zip

## Certificate Number

Certificate number issued by Massachusetts Historical Commission .....

## Allotment Information

Total amount allotted to other taxpayers .....

## Distribution Information

| Name of recipient | Social Security number or<br>Federal Identification number | Amount of credit being allotted |
|-------------------|--|---------------------------------|
|                   |  |                                 |
|                   |  |                                 |
|                   |  |                                 |
|                   |  |                                 |
|                   |  |                                 |
|                   |  |                                 |

## Distribution to Partners, Members or Owners

If the project distributes or assigns any portion of the credit to its partners, members or owners, the project or owner must complete an Allotment HRC Historic Rehabilitation Credit Summary. In addition, the project or owner must fill out and provide to each partner, member or owner, an Individual Certificate HRC, Historic Rehabilitation Credit, indicating the amount of the individual credit distributed or assigned.

## Tax Return Filing

The project or owner must file a copy of the Project Certificate issued by the Massachusetts Historical Commission, and copies of both the Allotment HRC Historic Rehabilitation Credit Summary and the Individual Certificate HRC, with its Massachusetts tax return. In addition, partners, members or owners receiving an Individual Certificate HRC, must file copies of the certificate and copies of the attendant Project Certificate and Allotment HRC Historic Rehabilitation Credit Summary with their Massachusetts tax return.

## Department of Revenue Filing

The project or owner must file a copy of the Project Certificate issued by the Massachusetts Historical Commission, and copies of both the Allotment HRC Historic Rehabilitation Credit Summary and the Individual Certificate HRC, with the Department of Revenue. Mail to: **Massachusetts Department of Revenue, Rulings and Regulations Bureau, PO Box 9566, Boston, MA 02114-9566.**

